Vermont State Hospital Futures Project

Proposed Expansion of Psychiatric Inpatient Services at Rutland Regional Medical Center

January 2009

Overview

In 2004, the Legislature and the administration set in motion a strategic planning process to create a comprehensive plan for the delivery of services currently provided by Vermont State Hospital within the context of long-range planning for a comprehensive continuum of mental health care. This plan was titled the "Futures Plan". The fundamental goal is to support recovery for Vermonters with mental illnesses in the least restrictive and most integrated settings that promote recovery.

VSH serves multiple functions: acute inpatient care, long term rehabilitation services, secure forensic evaluation, and secure treatment. Replacing the Vermont State Hospital requires creating a range of successor programs to provide these functions.

The core of the plan is proposed new investments in the essential community capacities, and reconfiguring the existing 54-bed inpatient capacity at the Vermont State Hospital into a new system of inpatient, rehabilitation, and residential services for adults. This plan is consistent with Vermont's long history of establishing strong community support systems and reducing our reliance on institutional care. The fundamental goal is to support recovery for Vermonters with mental illnesses in the least restrictive and most integrated settings that promote recovery.

Planning for Inpatient Capacity

Considerable progress has been made in developing community residential and crisis services to help replace VSH functions. However, replacing the acute inpatient functions of Vermont State Hospital has proved more challenging. Perhaps the most straightforward approach, building a new facility of a similar size to VSH ,has significant draw backs.

- Due to the complex medical co-morbidity and evolving treatments for acute psychiatric illness the best clinical models for acute psychiatric inpatient care are based on integration with general hospital medical care.
- Planning analysis indicates that Vermont needs 25-30 acute inpatient beds; not the current licensed capacity of 54 beds at VSH.
- The relatively small scale of acute care bed need makes creating a stand alone hospital (as opposed to a program within a larger hospital) extremely costly.
- The longstanding federal policy prohibiting Medicaid and Medicare reimbursement for care in stand-alone psychiatric institutions (the Institute for Mental Disease or IMD exclusion) increases the operating cost to the state.

We first proposed to create a primary inpatient program with Fletcher Allen Health Care (FAHC) and to augment on a small basis, one or two existing inpatient programs. The proposed new facility operated by FAHC and on the Burlington Campus has been ruled out due to cost. FAHC reports that they remain interested in operating new capacity and the most viable option appears to be to combine the development of the new VSH-level beds with a larger inpatient replacement project that Fletcher Allen may undertake in the future. We have presented a draft framework agreement to Fletcher Allen and have requested that they model developing up to twenty (20) new acute care psychiatric inpatient beds with the larger facility master plan. It is unlikely that any such development can occur before 2015.

Due to all these factors DMH has focused planning efforts on a more distributed model.

Retreat HealthCare

Retreat HealthCare in Brattleboro has consistently collaborated with the State for psychiatric inpatient care. Retreat HealthCare (RH) is the only children's psychiatric inpatient program in Vermont and operates the largest adult inpatient program (except for VSH). However, use of the RH to replace a significant number of VSH –level psychiatric inpatient beds has the following limitations.

- Placing a major new inpatient capacity in Brattleboro would disrupt equitable geographic access to care. The preponderance of admissions to VSH are from Northern Vermont.
- Retreat HealthCare, as a stand-alone psychiatric hospital, is only able to participate in the Medicaid Medicare programs based on a Waiver of Federal rules. Such a waiver is discretionary
- The Retreat does secure medical services from Brattleboro Memorial Hospital, but it does not offer the advantages of physical integration with medical center services.
- The current facilities at the Brattleboro Retreat are even older than Vermont State Hospital.

DMH and the Retreat HealthCare currently have an agreement by which the State can secure "overflow" adult inpatient care from RH on an as-needed basis. DMH anticipates continuing this arrangement. In addition, RH in partnership with Health Care and Rehabilitative Services of Southeastern Vermont, is proposing to develop a new six-bed residential program designed to serve Vermonters currently at VSH.

Rutland Regional Medical Center

Rutland Regional Medical Center (RRMC) has consistently participated in the Futures planning and together, the State and RRMC have explored options to expand the existing capacity of their psychiatric inpatient program. RRMC and the State are currently exploring a collaboration agreement that details ownership and programmatic operations

of a potential new program, roles and responsibilities during the planning phases, and an overall framework for capital development and operating costs. Although not concluded, these negotiations have progressed positively and in light of this, both DMH and RRMC are moving forward with continued project development.

RRMC Current Program

RRMC current psychiatric inpatient program is licensed for 19 beds. However, the floor plan limits the viable use to up to fourteen beds at any given time. RRMC takes voluntary and involuntary patients. It is also a site for secure forensic evaluations provided the patient meets medical necessity criteria for hospital-level care. The current physical footprint of the service offers little treatment and program space, and only limited access to the outdoors. In the last two years RRMC has recruited outstanding clinical leadership and the program currently operates close to the 14-bed capacity with positive reviews from consumers and family members who use the program. A multi-stakeholder community advisory council meets regularly with Hospital leadership concerning the potential of expanding the program.

RRMC Proposed Expansion

DMH and RRMC first evaluated expanding the existing program into a neighboring unit and renovating to the new, larger floor plan. This option had significant limitations including limited outdoor access, poor lines of sight from the nursing station, and constrained space that limits treatment options. In addition, it required re-locating an existing adjacent service.

A second option, new construction adjacent to the RRMC Emergency Department, appears to be more viable. The State and RRMC have modeled the development of a new, twenty-five bed program with the capacity for three residential –sub clusters and ample program and treatment space. The estimated cost for such development is $25M.

The proposed capacity will operate as a single program. The staffing and programmatic design will serve the most acute and behaviorally challenging patient while providing access to the full range of medical center services. The program will be owned and operated by RRMC and will be able to receive Medicaid and Medicare reimbursement for services. The State and RRMC are currently exploring the potential of targeting approximately 12-beds for VSH level care. Based on past utilization, it appears that there is more than sufficient need to fully use the remaining 12-beds of the new facility.

Capital Development and Operating Costs

The State and RRMC are currently exploring options to capitalize the development of the proposed program. One option is for RRMC to borrow the capital by issuing a revenue bond based on the expected utilization of the program by patients who would otherwise be served at VSH. In such an arrangement, the State would reimburse for services rendered. The rates for services would include the capital and operating costs. As the

capital bonds would likely have a twenty year life, RRMC and the State may propose a special designation status for the RRMC program, similar to the designated status of the Community Mental Health Center network. In such a framework the State will secure the needed services and RRMC could be assured of consistent annual contracts provided that program performance targets are met.

If VSH were down-sized commensurate with the new capacity created at RRMC, then resources could be re-deployed from VSH to support the operation of the new program. The core issue is downsizing VSH in sufficiently large increments to free up the required resources. A possible scenario would time implementation of the RRMC expansion and the DMH proposed 15-bed secure residential recovery program to converge such that VSH could be downsized to a licensed bed capacity of 16. In this configuration, the 16-bed VSH, the 15-bed Secure Residential Recovery, and the 12-bed expansion at RRMC could all obtain Medicaid reimbursement. The current VSH allocation, combined with federal participation, would support the operations of all three programs into the future.

Legislative Action and Next Steps

Consistent with previous capital appropriations DMH and RRMC request capital funds of $250,000 in FY 2010 to continue project development for Certificate of Need (CON) review. In addition, consistent with previous legislative action and reports[1], DMH and RRMC request continued policy support for this partnership to provide acute inpatient services that were previously carried out at Vermont State Hospital.

The next step will be for the RRMC, with support from DMH, to seek CON review for the proposed new construction and programmatic expansion. Only if a CON is granted could the project go forward into the permitting, bonding and construction stages.

[1] Consistent with Vermont State Hospital Futures Plan ("the Plan") required by Sec. 141a of No. 122 of the Acts of the 2003 Adj. Sess. (2004), as approved by the joint mental health oversight committee on March 22, 2006, and by the joint fiscal committee on April 25, 2006; of the FY 2006 Appropriation Bill Sec. 113e; the Vermont Legislature's Consulting Group on the Future of VSH and Systems of Care: Final Report to the Committee on Committees of the Senate and the Speaker of the House, November 9, 2007; and the Capital Acts of 2005, 2006, and 2009.